

How to Correct Testing Failures

Type of Failure	Timing of Correction	Year Included as Taxable Income	Correction Method	Correction Report ¹
Excess Contributions (ADP Failures)	Within 2 ½ months after plan year end ²	Year of Contribution	Corrective Distribution	excadp.pdf
	2 ½ months after plan year end, but no more than 12 months following plan year end ²	Year of Distribution	Corrective Distribution	excadp.pdf
Excess Aggregate Contributions (ACP Failures)	Up to 12 months following plan year end ²	N/A	Qualified Non-elective Contribution (QNEC)	contact Plan Support
	More than 12 months following plan year end ²	Year of Distribution	Correction only available through IRS Self Correction Program (SCP)	contact Plan Support
Excess Deferrals (402(g) Failures)	Within plan year of deferral	Year of Deferral	Corrective Distribution	N/A
	By April 15th in year following deferral	Deferral taxed in year of deferral; income taxed in year of distribution	Corrective Distribution	excdef.pdf
	After April 15th in year following deferral	Taxable in year of deferral and year of distribution	Correction only available through IRS Self Correction Program (SCP)	contact Plan Support
Excess Annual Additions (415 Failures)	Must be removed within 12 months of plan year end	Year of Distribution	Corrective Distribution	exc415.pdf
Top Heavy (416 Failures)	Contribution must be made prior to Corporate Tax Filing deadline of 8 ½ months after plan year end (with extension)	N/A	Top Heavy Minimum Contribution	topheavy.pdf
Ineligible Contributions	Deferrals + Earnings must be distributed to the ineligible employee; Employer Contributions + earnings must be forfeited	Year of Distribution	Corrective Distribution	ineligible.pdf

¹ Please review, authorize and return Correction Report per the instructions detailed on each report. If you have questions please contact Plan Support.

² Please be aware that there is a two and a half month deadline for correcting testing failures. If you do not return the corrections within 2 1/2 months after your plan year end, a form 5330 will need to be filed and penalties will apply. Please contact your compliance analyst to discuss the additional steps required.

In order to satisfy the IRS deadlines, please allow sufficient processing time as some corrective distributions may require up to 3 business days to complete.